

TESTIMONY OF  
DAVID A. WHITEHEAD  
PRESENTED TO THE  
APPROPRIATIONS COMMITTEE

Friday, February 22, 2013

**HB 6350, AN ACT CONCERNING THE BUDGET FOR THE BIENNIUM ENDING JUNE 30, 2015,  
AND OTHER PROVISIONS RELATING TO REVENUE**

Thank you for this opportunity to present testimony regarding the proposed state budget and its effects on hospitals like The William W. Backus Hospital in Norwich, of which I am President and Chief Executive Officer.

My colleagues and I at Backus are seeking your help in opposing **HB 6350, AN ACT CONCERNING THE BUDGET FOR THE BIENNIUM ENDING JUNE 30, 2015, AND OTHER PROVISIONS RELATING TO REVENUE.**

Simply put, the budget proposed by Governor Malloy will have severe negative impact on our hospital, patients, staff, and community. Many have called this impact “devastating,” and they are correct. The impact on Backus Hospital alone will amount to the loss of a staggering \$21-million over the next two years.

The loss of funding of that magnitude — funds that help hospitals like Backus provide care to the un- and under-insured — will jeopardize programs, services and our ability to staff those needed elements of the region’s health care delivery system. Already, our Board and senior management are reviewing contingency plans that include curtailing planned expenses and service enhancements. These necessary, prudent and difficult decisions, if required, will have a deep and far-reaching effect far beyond the walls of our hospital or our immediate service area.

This plan is bad economic policy, plain and simple. Backus plays a critical role in Eastern Connecticut’s struggling economy. We employ more than 1,800 people, and many others throughout our community are highly dependent on the business we generate. In total, we have an economic impact on our community of \$482,230,000.

Our governor has said he aims to create a more sustainable economy for our state. The cuts being proposed for Backus and other hospitals, however, make hospitals’ future absolutely unsustainable.

I ask you to avail yourselves of all the facts before voting on this important issue. We have attempted to provide these facts at a Legislative Breakfast we held with the Eastern Connecticut delegation on January 25, and I am happy to re-state these facts here for your consideration and review:

- The movement of SAGA into LIA is not a “windfall” for Backus, or other hospitals, as legislators are being told regularly.
  - ***Fact: It costs us far more to treat each patient under this program, and the number of enrollees is rising. So we are losing more and more.***
- We told the then-Governor and members of the General Assembly more than two years ago that the so-called “hospital tax” would, in time, become just that: a new tax. Lawmakers asked hospitals to trust them — that the funds paid by hospitals would be used to get matching federal funds (50 cents on the dollar) and then redistributed as Disproportionate Share Hospital (DSH) payments to hospitals.
  - ***Fact: One fiscal quarter of DSH payments were eliminated this year, two quarters in the next year’s budget plan and no payments the following year — but the tax remains. And it’s a new tax, at that.***

My colleagues at Backus and I have faith in our lawmakers to do the right thing for our regional community. But we implore you to review the facts — check out the logic, and challenge the assumptions, because the facts of the governor's budget as it relates to hospitals are these:

- The “hospital tax” fears voiced two years ago have become reality, ultimately creating a new tax on patients
- The state is foregoing 50 cents on each dollar it “saves” by crippling hospitals on reneging on agreed-upon payments
- LIA is far from a windfall. It is a net loss for every single patient we treat.

And the most important fact of all:

- This proposed budget plan spells disaster for our community, and severely impacts the missions of our hospitals, providers and community partners in health and human service agencies.

Thank you for your consideration of our position,

A handwritten signature in dark ink, appearing to read 'D. Whitehead', with a long, sweeping horizontal line extending to the right.

David A. Whitehead  
President and CEO  
The William W. Backus Hospital